



2.0 Strategic Planning

2.1 Strategy Development

2.1a Strategy development process

2.1a(1) Strategic planning process

- ① Fig. 2.1-1 shows our strategic planning process, which is guided by the Corps of Engineers' Campaign Plan and our charter (Overview paragraph 1).
- ② Each November, we review our mission, market, values, and guiding principles and analyze strengths, weaknesses, opportunities, and threats (SWOT) that could affect objectives.
- ③ Using that information, we develop our long-term corporate strategy through our corporate operations plan, which identifies key success factors (KSF's) and supporting strategies, goals, and measures as summarized in table 2.2-1.
- ④ Strategy is further deployed through team plans based on corporate strategy. These plans are the annual implementation of long-term plans.
- ⑤ Plans are reviewed and updated throughout the year by leaders during quarterly PRB's or Business meetings. (See fig. 1.1-1, box ⑤, and table 1.1-1.)
- ⑥ Improvements to the strategic planning process are made through our annual gap analysis (fig. 1.1-3) and strategic planning review.

2.1a(2) Key factor data gathering and analysis Key data from our SWOT are integrated and analyzed to determine the impact on our key success factors as shown in table 2.1-1.

① *Customer and market requirements.* Market, stakeholder, and customer requirements are

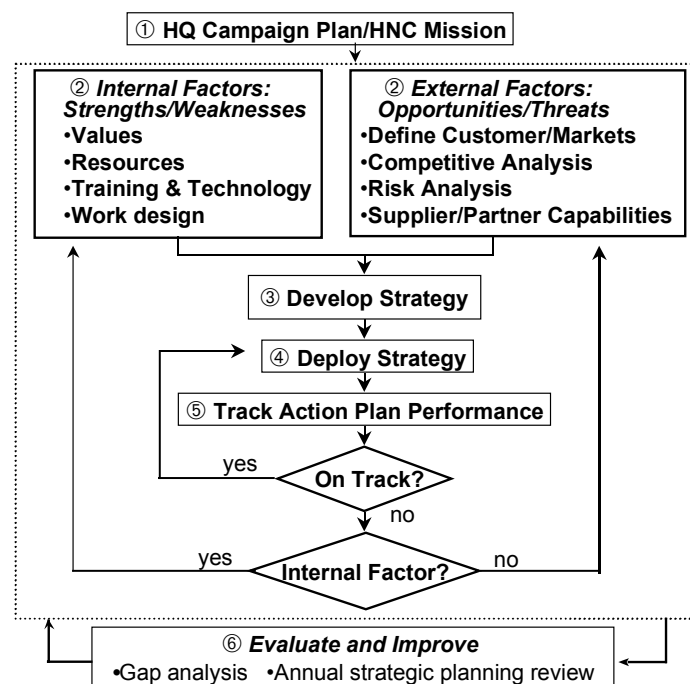


Figure 2.1-1. HNC strategic planning process

gathered in several ways (3.1a, 1.1a(3), and 1.2). Analysis showed that the market is generally concerned about high costs and efficiency. We, therefore, concentrate on improving productivity and applying accounting practices that ensure fair and accurate distribution of overhead costs.

② *Competitive environment.* Our customers want quality services and products at competitive costs. Therefore, we set goals through comparisons to similar providers and keep abreast of new technologies. Reasonable costs, high quality work, process improvement, and innovative application of technology have earned us new work (3.1a(3), table 3.1-3).

③ *Potential risks.* Financial risk evaluation is based on HQUSACE Campaign Plan assumptions, Corps policies, privatization, and customer funding reductions. We minimize risks by increasing productivity through process improvement. We evaluate and decrease our societal risks as described in 1.2. Because we have a world class safety record, we have no strategic initiative for safety. However, we monitor and revise safety practices continuously through our team measures.

Table 2.1-1. SWOT analysis alignment to KSF's

SWOT Factor	KSF	Analysis	Data
① Define customer & market needs	Focus on customer/market needs.	Customer needs. Customer plans. Referrals. Satisfaction w/HNC. Satisfaction compared to competitors. Market trends. Market growth.	table 7.1-1 questions 16 - 20; figs. 7.1-1 thru 7.1-11; 7.2-16 thru 7.2-19
② Competitive environment	Focus on customer/market. Revolutionize effectiveness.	Competitive comparisons. Customer needs. HNC execution of programs.	figs 7.1-3, -4; 7.2-3 thru 14, 7.5-41; tables 7.1-1, 7.2-1, 7.5-1, 7.5-2
③ Risks	Focus on customer/market. Revolutionize effectiveness. Invest in people.	Market growth vs in-house capabilities. Customer satisfaction. Customer req'mts vs HNC focus. Potential safety	figs 7.2-3, 7.2-17, -18, -19; 7.1-1, -9, 10; 7.1-5, -8; 7.3-1, -2, -3, -11
④ Human resource capabilities	Focus on customer/market. Revolutionize effectiveness. Invest in people.	Skills. Satisfaction. Retention. Demographics.	figs 7.3-1 thru 14
⑤ In-house capabilities.	Revolutionize effectiveness. Invest in people.	Process capabilities. Competitive comparisons.	figs 7.5-1 thru 51, tables 7.5-1 and 7.5-2
⑥ Supplier/Partner capabilities	Focus on customer/market. Revolutionize effectiveness.	Supplier capabilities. Supplier performance.	figs 7.4-1 thru -16

④ *Human resource capabilities/needs.* We identify technical and management capabilities that we must maintain or develop to support changing product line needs, retraining, and professional development. Two strategic actions, 360 peer review and team structure, help us reduce boundaries, build teamwork and customer focus, and identify training.

⑤ *Operational capabilities.* Senior leaders evaluate our capabilities through the MCG, PRAC, IMC, and the Training Committee (fig. 1.1-1, box ⑥, and 1.1b(2)). Then during planning, we match opportunities with in-house capabilities. Our team structure, for example, enables us to transfer skills from one project to another when opportunities change.

⑥ *Supplier/partner capabilities.* Supplier issues identified in partnering sessions, the IPR's listed in table 1.1-1, and PRB's are reviewed during strategic planning. To evaluate supplier capabilities, we use supplier databases (table 4.1-2 and item 6.3). We develop long-term relationships with suppliers through multi-year, multi-award contracts (Overview, para. 9). Also, we leverage Corps districts and labs to create for our customers a virtual organization that is effectively twice as large as the Huntsville Center (Overview, table 2), and our plan includes an action for developing partnering agreements with all military Corps regional business centers.

2.1b Strategic objectives

Our FY2004 end-state in table 2.2-1 aligns with the Corps of Engineers vision, Corps policies on work distribution, and legal limits on government competition. We plan to maintain our size while increasing productivity. As shown in table 2.2-1, KSF's for achieving our goal are as follows:

- *Focus On Customer and Market Needs.* Strategic initiatives target our charter, mission authorities, and customer focus to achieve our end-state 2004. These long-term (5-year) initiatives are executed through annual team plans.

- *Invest in People.* Human resource initiatives ensure that we continue to be a learning organization that is flexible, innovative, and customer focused. These are on a two-year timetable with progress evaluated semi-annually.

- *Revolutionize Effectiveness.* These initiatives focus on improving operational capabilities. Business plans, developed by teams, deploy strategic goals to all levels of the organization. They are the basis of quarterly PRB review (table 1.1-1).

Para. 2.1a(2) and table 2.1-1 explain the rationale behind our KSF's and SWOT alignment with them.

2.2 Strategy Deployment

2.2a Action plan development and deployment

2.2a(1) Action plan development

To ensure alignment with our KSF's, action plans are developed, deployed, and updated as follows:

Step 1: Identify areas of risk relating to our KSF's (table 2.1-1) based on HQUSACE campaign plan, our mission, and our SWOT analysis.

Step 2: Prioritize risk areas according to the criteria in 1.1b(2).

Step 3: Develop and evaluate strategies based on the criteria outlined in 1.1b(2) and best practices/lessons learned from PRB's.

Step 4: Select final initiatives as action plans based on cost, importance to success, and the probability for successful implementation.

Step 5: Track progress as outlined in fig. 2.1-1.

2.2a(2) Human resource plan Our operations plan includes human resource planning as summarized in table 2.2-1, Invest in People. Action plans include employee training, teaming, work design, evaluation and recognition, and recruitment.

2.2a(3) Allocated resources During strategic planning, a team champion is assigned for each objective. Formal or informal implementation plans include time requirements and assigned personnel resources. Plans address technology and equipment needs. For example, team 10 (continuously improve 360 and teaming) identified required software procurements.

2.2a(4) Key performance indicators Table 2.2-1 summarizes key measures for tracking action performance. Table 4.1-1 shows how key success factors align with organizational performance.

2.2a(5) Align, deploy, and communicate As shown in fig. 2.1-1, overall corporate direction and operational objectives are based on internal and external factor analyses. Second, strategies are deployed through action plans. Third, all Center employees are members of the corporate team as well as a product line or functional team. Each team has documented performance goals and measures that support the Center's operation plan. Fourth, progress toward goals is reviewed by leaders (table 1.1-1). Team measures and goals are posted on the intranet and status is posted on team bulletin boards and published quarterly in the Program Review and Analysis. Fifth, employee awards are based on achievement of team goals to ensure deployment down to all work units and individual employees.

Table 2.2-1. HNC (Strategic) Operations Plan summary

Corps Vision: The world's premier engineering organization, trained and ready to provide support anytime, anyplace. A full spectrum engineer force of high quality, dedicated soldiers, and civilians: a vital part of the Army; engineer team of choice, responding to our Nation's needs in peace and war; a values-based organization—respected, responsible, and reliable.			
Huntsville Center End State 2004: Work directly for HQUSACE and viewed as a resource to Corps divisions and districts. Continue to operate worldwide, maintain current product lines, and four key processes: engineering, project management, construction, and contracting. Effectively manage a program of \$800M to \$1.2B with a stable employee base of 600 to 800 employees with the current grade structure.			
Strategic Key Success Factor: Focus on Customer and Market Needs: Understand customer values and have a broad knowledge of market and customer needs. Ensure continual communication through partnering, marketing programs, and systematic complaint resolution and reporting process.			
Strategy	Objectives	Measures	Status
Satisfy the Customer	Team 12: Improve customer-relations management process.	Quicker response and improved customer satisfaction.	Standard procedures developed, use real-time performance evaluations, satisfaction improving.
	Team 13: Improve Corps-relations thru partnering with new regional business centers.	# of partnering agreements established; improved customer satisfaction.	Formal procedures established, working with 3 regional management boards.
Enhance Capabilities	Team 5: Improve methodology for reviewing changing missions and customers.	Annual workload changes, product line and customer diversity.	Formal process implemented and incorporated into strategic planning.
	Team 2: Establish a team to monitor market trends & propose marketing strategies.	% growth, # of new programs obtained, # of HNC positions saved or added.	Marketing training completed, current marketing strategies being revised.
	Team 3: Develop marketing strategies for joint service and support for others opportunities.	Increase in work with existing customers and obtain new customers.	Formal plan implemented.
	Demil Team: Successfully execute the Chemical Demilitarization Program.	Cost vs. budget, time growth, audit deficiencies, contractor award fee, lost-time accidents, customer satisfaction.	All projects currently on time, within budget, customer satisfaction increasing.
	Demil Team: Market QA and scheduling services.	% program funding, # of new customers, growth in services provided.	Action plans under implementation.
	All Product Teams: Expand responsibilities. Expand Chem Demil Russian and non-stockpile roles and pursue ALT Tech II, become OE program manager for RAC 1 and 2 sites, expand BMD mission, become DOD Medical facilities program manager for new design and O&M, expand Installation Support for OMEE, Energy, Range, and utilities privatization work.	Increased program funding, # of new customers, growth in program responsibility.	Selected to manage Russian demil construction, briefed ASA, HQ PMCD, and USACE on proposal for ALT Tech II execution; OE authority set in new reg; named BMD facility design and construction program manager; Corps Medical facilities office transferred to HNC; OMEE and Energy ESPC contracts expanded; Range team selected to manage DA RTLP budget.
Human Resource Key Success Factor: Invest in People: Be a learning organization that is focused on internal and external customer needs and operates as a flexible, innovative, rapid response team.			
Strategy	Objectives	Measures	Status
Build Strategic Commitment	Team 8: Improve communications to obtain support for HNC strategic plans.	Increase awareness of HNC missions, innovation, and cost efficiency. Improve Corps working relationships.	Communications Plan implemented; 125 new media queries; public queries up 83%.
Reshape Culture	Team 10: Improve employee working relationships thru 360 and teaming work designs.	Increase in-house efficiency, improve internal customer satisfaction.	Improved productivity, work climate and internal customer satisfaction improving (figs 7.2-3, 7.3-2, 7.5-42)
	Team 9: Tie employee awards to Operations and Business plans.	Increase cust. satisfaction, increase in-house efficiency, improve work climate.	System approved 6/98; status reviewed 5/99, awards presented 11/99.
	Team 11: Tie training to Business Plan, improve training quality.	Increase in-house efficiency, increase supervisor and employee satisfaction.	Used for FY99 training plan, new training quality evaluation process under negotiation.
	Team 14: Improve employee diversity and increase student hires and co-ops.	# of HNC/school agreements established; # of student employees; # of permanent HNC employees gained from program; diversity.	MOA's with Chapman & Lee schools. Computer lab assistance, math tutoring, support plan for engr'ing magnet program, job application seminar. Six STEP students hired.

Business Key Success Factor: Revolutionize Effectiveness: Be recognized as a leader in business management, high technology engineering services, construction, acquisition, and project management.			
Strategy	Objectives	Measures	Status
Align for Success	QSG/APIC Team: Improve business management processes thru Baldrige.	Continued recognition in Baldrige-based quality.	'98 APIC CSA winner; '98 PQA achievement award, '99 PQA merit award, '99 Alabama Quality Award.
	QSG Team: Become the Corps national business center.	Increased influence on Corps-wide business processes.	Action plans under development, meeting with 3 regional business centers.
	Team 7: Improve alignment of processes, systems, and resources to the product lines.	Improved market share in identified growth areas; cost/cycle time; cust. sat.	Redefined product lines, Business Meeting, LIR/PRB.
	PM/CT Team: Improve supplier management.	Increased supplier performance, improved strategic planning.	Supplier conference July 1999, Performance Base Contracting (PBC) training completed, 7 PBC contracts.
	Team 15: Share successful processes to other Corps activities and import successes.	# of processes evaluated, exported, improved; improved cost, cycle time, and quality.	ESPC and simplified O&M shared Corps-wide. Briefed 4 districts & SMDC on our APIC/PQA process. Testing direct charging of certain G&A activities for Corps.
Improve Support Technologies and Equipment	ED/IM Team: Improve product quality thru 3-D design modeling system.	Improved productivity and efficiency.	Using 3-D CADD for Chem Demil Aberdeen and Newport sites.
	IM/PM Team: Improve IT for projects and sustain HNC program services.	Improve quality and cycle time within IT budget.	Upgraded e-mail system. Long-/short-term action plans for Corps Y2K expert Y2K support for Air Force Medical.

2.2b (1), (2) Performance projections Our key performance indicators for out-year projections are product line market performance (table 2.2-2) and our operational and financial measures (table 2.2-3).

We project a \$840M million program by FY2003 based on historical workload, current trends, and customer satisfaction as summarized in table 2.2-2. Since modest growth through increased productivity is our primary objective, program increases can be managed with minimal staffing increases. We have been doing that successfully since FY95. As table 7.2-1 shows, we have dramatically increased operational efficiency and significantly reduced cost to our customers through teaming, innovative practices, and boundary reduction. Our high productivity compared to other Corps elements stems, in part, from our ability to fully employ staff through teaming (figs. 7.2-3, -6, -8, -9).

In table 2.2-3, we project that we will continue to be the most efficient Corps organization because, unlike the rest of the Corps, we are 100% reimbursable and do not receive direct congressional appropriations. Therefore, we rely on our high levels of customer loyalty to retain and generate work. Because customers like our quality but rated us lowest in cost (fig. 7.1-4), we target productivity to strengthen that loyalty.

Table 2.2-2. Product line projections

Product line	Figure	Workload Projections
Chemical Demilitarization	7.2-18, 7.1-9,-10	Up \$492M thru 2003, decline after 2003 without new plants
OE	7.2-18, 7.1-9,-10	Stable at \$50M annually
Medical	7.2-19, 7.1-9,-10	Increase to \$55M annually
BMD	7.2-19, 7.1-9,-10	Increase to \$20M annually
Installation/Ops. Forces Support	7.2-18, 7.1-9,-10	Increase to \$220M annually

Table 2.2-3 Center-wide trends and projections

Key Measure	Figure	Projections
TLM	7.2-9, -10, -11, 7.5-40, table 7.2-1	Corps best, exceed industry
G&A	7.2-8, table 7.2-1	Corps best, maintain 24%
Direct Chargeability	7.2-13, -14, table 7.2-1	Corps best, exceed industry
Customer retention	7.1-9, 7.2-17	70% old, 30% new customers
Productivity	7.2-5, -7a, -7b, -12, 7.4-4, table 7.2-1	Corps best, among best in industry